Installment Loans -

Loan that's repaid in several equal payments over time

* principal & interest

300,000 $1500
- 100
P - 299,900

Down Payment -

- portion of cash price of item

calculated:

down payment = (%)(selling price)

5%, 10%

*put down as much as possible

Amt. Financed

portion of price still owed after down payment

Ex: $20,000

$- 12,000$

$8,000 - amt. financed

Formula:

price − down payment

4) 2100
- 250
$1850

6) a) 1400 × 0.30 = $420

b) 1400
- 420
$980

6) (a) $2,200

(b) $21,511

7) (a) DP = $179.99

Fin = $719.96

(b) DP = $114

Fin = $646

#14, 15

(14) $13255.55

(15) $3216

Section 3

⑨ Simple Interest Loan

⑩ APR:

An index showing the cost of borrowing money on a yearly basis, expressed as a %

(11) how much borrowed
interest rate
term of loan

(12) monthly payment:

table on p. 799

$$\left(\frac{\text{amt. of loan}}{100}\right) \times \left(\begin{array}{c}\text{monthly payment} \\ \text{for a \$100 loan}\end{array}\right)$$

$$\frac{3000}{100}$$

total amt repaid =

(# of payments) x (monthly payment)

$36 \times 210 = \$7560$

Finance Charge = total interest

total amt repaid − amt of loan

(13) p. 799

term in months = length of loan

APR = %

(14) 2,200
8%
18 months

(a) $2,200

(b) $\left(\frac{2200}{100}\right) \times (5.91) =$ $130.02

(c) $130.02 \times 18 =$ $2340.36

(d) $2340.36 - 2200 =$ $140.36